

FREQUENTLY ASKED QUESTIONS

Voluntary Separation Incentive Pay (VSIP)

Q. What is VSIP?

- A. VSIPs (commonly referred to as “buyouts”) are lump-sum payments of up to \$25,000 paid by DoD to encourage employees to resign or retire. Buyouts are targeted at employees in specific grades, series, and locations to help avoid reduction in force (RIF) and minimize involuntary separations.

Q. What are the basic eligibility requirements to apply for a VSIP?

- A. An employee must be a U.S. citizen, employed in an appointment without time limitation, and must have been employed by the Federal government for a continuous period of at least 12 months. In addition, an employee must not be a reemployed annuitant, and must not have a pending or approved application for disability retirement.

Q. If an employee meets the basic eligibility requirements, are there any other restrictions that would prevent offering VSIP?

- A. Yes. An employee is ineligible to receive a VSIP if they have already accepted a position with another Federal agency, or if they are in receipt of a specific RIF separation notice. In addition, an employee is generally not eligible if occupying a “hard to fill” position, receiving dual compensation under a waiver, covered by a written service agreement as a result of PCS, training, recruitment or relocation bonus, or occupying a special rate position.

Q. Are there any restrictions on an employee who separated with an incentive returning to work for the Federal Government?

- A. Yes. Generally, employees who return to Federal employment within five years from their separation from DoD cannot return to work for the Federal Government without repaying the incentive. In addition, an employee separating from DoD may not return within one year, unless a waiver is granted at the Component Assistant Secretary level, even if they repay the incentive.

Q. If an employee separates with a buyout and then goes to work on a personal services contract with a DoD Component (over 1 year after separation, but before 5 years) does he or she have to pay back the VSIP?

- A. No. Under applicable provisions of the Federal Workforce Restructuring Act, DoD buyout recipients never incur a repayment liability when hired under a personal services contract. The only prohibition on personal services contracts is the employment prohibition - - they cannot be reemployed in the Department on a personal services contract for one year without an exception approved by the appropriate Component Assistant Secretary, or equivalent.

Q. Why is an employee who has received a RIF notice not eligible for an incentive?

- A. The language in section 5597 requires that separation pay be used to avoid or minimize the need for involuntary separations. It may be offered to encourage eligible employees to separate from service voluntarily. The specificity of this language precludes the payment of separation pay to employees who have already been identified for involuntary separation.

Q. If an employee has been offered the buyout with a delayed separation date, and then dies before the date of separation, is his/her estate entitled to the buyout?

- A. No, because the death is considered an involuntary separation.